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(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R.

To direct the President to impose penalties pursuant to denial orders with respect to certain Chinese telecommunications companies that are in violation of the export control or sanctions laws of the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GALLAGHER (for himself and Mr. GALLEGO) introduced the following bill; which was referred to the Committee on _____

A BILL

To direct the President to impose penalties pursuant to denial orders with respect to certain Chinese telecommunications companies that are in violation of the export control or sanctions laws of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Telecommunications
5 Denial Order Enforcement Act”.

1 **SEC. 2. STATEMENT OF POLICY.**

2 It shall be the policy of the United States to enforce
3 denial orders on covered telecommunications companies
4 found to have violated the export control or sanctions laws
5 of the United States.

6 **SEC. 3. IMPOSITION AND ENFORCEMENT OF DENIAL OR-**
7 **DERS WITH RESPECT TO COVERED TELE-**
8 **COMMUNICATIONS COMPANIES.**

9 (a) IMPOSITION OF DENIAL ORDERS.—

10 (1) IN GENERAL.—Not later than 60 days after
11 the date of which a determination is made that a
12 covered telecommunications company is in violation
13 of an export control or sanctions law of the United
14 States, the President shall impose a penalty pursu-
15 ant to a denial order with respect to the covered
16 telecommunications company or its agents or affili-
17 ates as follows:

18 (A) The company and when acting for or
19 on their behalf, their successors, assigns, direc-
20 tors, officers, employees, representatives, or
21 agents (hereinafter each a “denied person”),
22 may not, directly or indirectly, participate in
23 any way in any transaction involving any com-
24 modity, software or technology (hereinafter col-
25 lectively referred to as “item”) exported or to
26 be exported from the United States that is sub-

1 ject to the Export Administration Regulations
2 (as codified in subchapter C of chapter VII of
3 title 15, Code of Federal Regulations, or any
4 successor regulations), or in any other activity
5 subject to the Export Administration Regula-
6 tions.

7 (B) No person may, directly or indirectly,
8 do any of the following:

9 (i) Export or reexport to or on behalf
10 of a denied person any item subject to the
11 Export Administration Regulations.

12 (ii) Take any action that facilitates
13 the acquisition or attempted acquisition by
14 a denied person of the ownership, posses-
15 sion, or control of any item subject to the
16 Regulations that has been or will be ex-
17 ported from the United States, including
18 financing or other support activities related
19 to a transaction whereby a denied person
20 acquires or attempts to acquire such own-
21 ership, possession or control.

22 (iii) Take any action to acquire from
23 or to facilitate the acquisition or attempted
24 acquisition from a denied person of any
25 item subject to the Export Administration

1 Regulations that has been exported from
2 the United States.

3 (iv) Obtain from a denied person in
4 the United States any item subject to the
5 Export Administration Regulations with
6 knowledge or reason to know that the item
7 will be, or is intended to be, exported from
8 the United States.

9 (v) Engage in any transaction to serv-
10 ice any item subject to the Export Admin-
11 istration Regulations that has been or will
12 be exported from the United States and
13 which is owned, possessed or controlled by
14 a denied person, or service any item, of
15 whatever origin, that is owned, possessed
16 or controlled by a denied person if such
17 service involves the use of any item subject
18 to the Export Administration Regulations
19 that has been or will be exported from the
20 United States.

21 (2) APPLICABILITY.—Paragraph (1) shall apply
22 on and after the date of the enactment of this Act
23 with respect to a determination described in para-
24 graph (1) that is made on or after such date of en-
25 actment.

1 (b) PROHIBITION ON MODIFICATION OF PEN-
2 ALTIES.—Notwithstanding any other provision of law, no
3 official of an executive agency may modify any penalty,
4 including a penalty imposed pursuant to a denial order,
5 implemented by the Government of the United States with
6 respect to a covered telecommunications company or its
7 agents or affiliates pursuant to a determination that the
8 company has violated an export control or sanctions law
9 of the United States until the date that is 30 days after
10 the President certifies to the appropriate congressional
11 committees that the company—

12 (1) has not, for a period of one year, conducted
13 activities in violation of the laws of the United
14 States; and

15 (2) is fully cooperating with investigations into
16 the activities of the company conducted by the Gov-
17 ernment of the United States, if any.

18 (c) REGULATIONS.—The President is authorized to
19 prescribe such regulations as may be necessary to carry
20 out this section.

21 (d) DEFINITIONS.—

22 (1) APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—The term “appropriate congressional com-
24 mittees” means—

1 (A) the Committee on Financial Services
2 and the Committee on Foreign Affairs of the
3 House of Representatives; and

4 (B) the Committee on Banking, Housing,
5 and Urban Affairs and the Committee on For-
6 eign Relations of the Senate.

7 (2) COVERED TELECOMMUNICATIONS COM-
8 PANY.—The term “covered telecommunications com-
9 pany” means any of the following:

10 (A) Huawei Technologies Company or
11 ZTE Corporation (or any subsidiary or affiliate
12 of such entities).

13 (B) Any other telecommunications com-
14 pany domiciled in the People’s Republic of
15 China (or any subsidiary or affiliate of such en-
16 tities), excluding any subsidiary of a foreign
17 company domiciled in the People’s Republic of
18 China.

19 (3) EXECUTIVE AGENCY.—The term “executive
20 agency” means—

21 (A) an executive department specified in
22 section 101 of title 5, United States Code;

23 (B) a military department specified in sec-
24 tion 102 of title 5, United States Code;

1 (C) an independent establishment as de-
2 fined in section 104(1) of title 5, United States
3 Code; and

4 (D) a wholly owned Government corpora-
5 tion fully subject to chapter 91 of title 31,
6 United States Code.